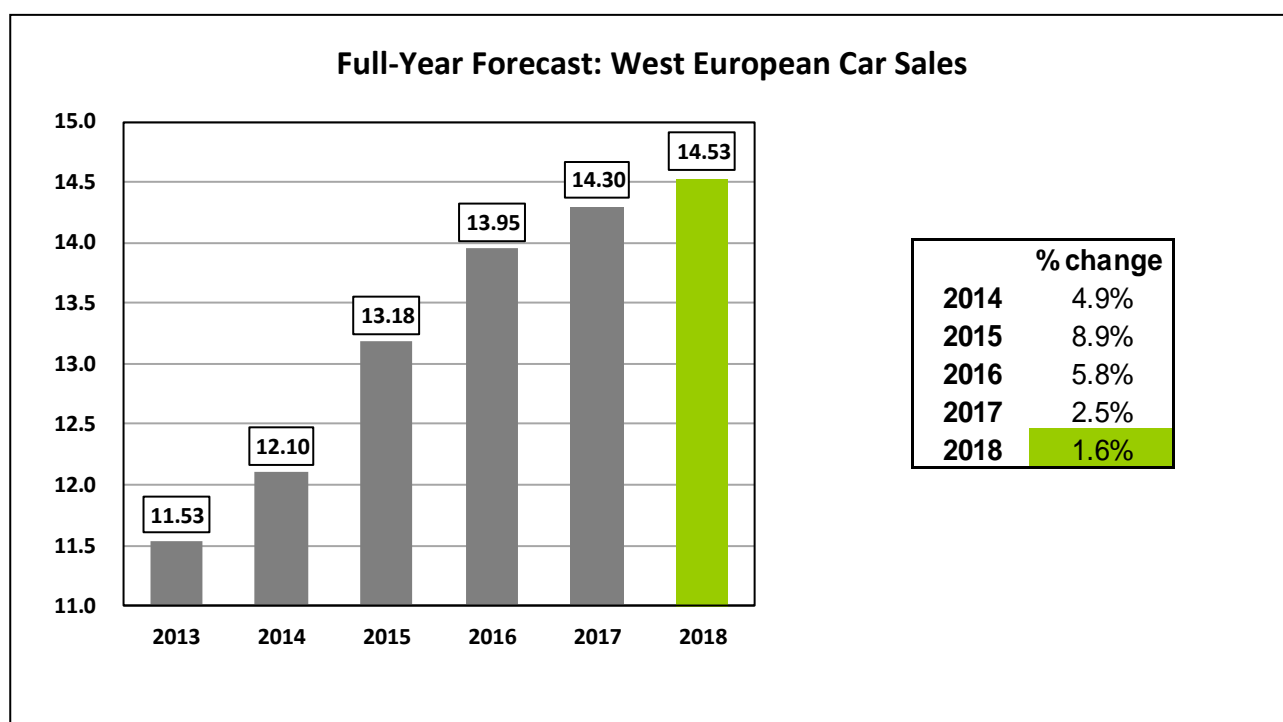




Western European Passenger Car Sales Update

Summary

- West European car registrations increased by 9.1% in year-on-year (YoY) terms in July. The regional selling rate also rose, from 14.6 mn units/year in June to 14.7 mn units/year in July.
- The Spanish market continued to be a strong performer in July, as new car registrations surged by 19.3% YoY. This annual growth was only marginally higher than that recorded in France, where sales were up by 18.9% YoY, with the selling rate almost reaching 2.3 mn units/year.
- New car registrations in Germany jumped by 12.3% in July, with the selling rate reaching a remarkable 3.8 mn units/year. In Italy, sales were up 4.4% YoY, although the selling rate was little changed at 1.9 mn units/year. UK car sales grew by 1.2% YoY, in line with expectations, with the selling rate unchanged at 2.4 mn units/year.
- Our full year forecast has been revised up very slightly since last month. We now see YoY growth at 1.6% in 2018, boosted by the particularly strong performance of Germany and France. However, there is a strong suspicion that the surge in registrations is related to the 1st September deadline to register cars under the existing NEDC emissions regulations rather than the more stringent WLTP legislation. Therefore, there should be some payback in the later months of the year, restraining growth for 2018 overall.



6th August 2018

For further information contact Jonathon Poskitt or David Oakley

Phone +44 1865 791737, jposkitt@lmc-auto.com or doakley@lmc-auto.com



Western European Passenger Car Sales Update

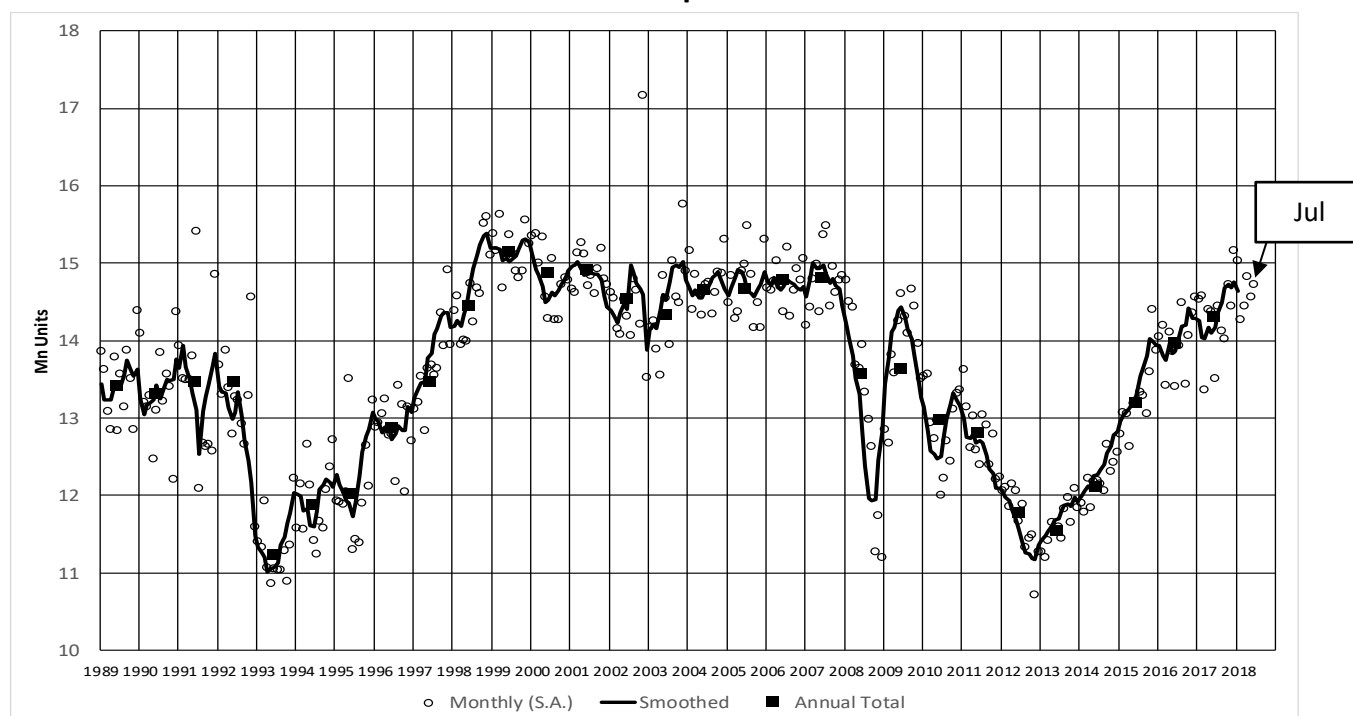
Commentary

Western European sales increased by 9.1% in YoY terms in July. The selling rate increased from 14.6 mn units/year in June, to 14.7 mn units/year in July, which is in line with the average for the year to date (YTD).

Even accounting for two additional selling days compared with July 2017, France's YoY sales growth of 18.9% was still impressive, and indicative of a market in good health. The selling rate advanced from 2.2 mn units/year in June to 2.3 mn units/year in July, although this pace seems unlikely to be sustained in the later months in the year, as the impact of WLTP regulations unfolds. Likewise, Spain's 19.3% YoY growth, and selling rate approaching 1.4 mn units/year, appear to be the result of a combination of a strong economy and a potential pull-forward effect as suppliers rush to self-register vehicles ahead of the 1st September WLTP deadline. The Italian car market grew 4.4% YoY in July, although this was likely to be the result mostly of an additional selling day, and the prospect of 2018 full-year sales falling short of the previous year's mark is looking increasingly probable.

The fact that German registrations grew by 12.3% YoY – with the selling rate reaching 3.8 mn units/year – indicates that WLTP has also been having an effect in Europe's largest market. July's performance was the best for that month since 2009, when scrappage incentives were distorting the market. Given that there is currently no other apparent reason for the pace of sales to pick up so strongly, the most likely explanation seems to be self-registration ahead of the WLTP deadline. The UK market is still on course for a year of significant decline, although a 1.2% YoY increase in July was at least in positive territory. For the YTD, sales are down 5.5%, with only a little of this deficit likely to be recouped in the remainder of the year. In Sweden, sales fell dramatically, but this was expected after a significant pull-forward effect in June to avoid higher taxes introduced from 1st July.

West European Car Sales





Western European Passenger Car Sales Update

West European Car Sales

	Sales (units)						Selling rate (Units/year)			
	Jul 2018	Jul 2017	Percent change	Year-to-date 2018	Year-to-date 2017	Percent change	Jul 2018	Year-to-date 2018	Year 2017	Percent change
WESTERN EUROPE	1,186,832	1,088,071	9.1%	9,125,171	8,866,704	2.9%	14,722,379	14,721,958	14,299,987	3.0%
AUSTRIA	31,552	27,801	13.5%	224,915	214,827	4.7%	379,019	362,217	354,174	2.3%
BELGIUM	42,771	36,627	16.8%	374,140	358,929	4.2%	618,484	578,057	546,558	5.8%
DENMARK	16,449	15,208	8.2%	137,166	139,005	-1.3%	206,916	228,207	221,797	2.9%
FINLAND	9,579	8,850	8.2%	79,163	73,299	8.0%	133,388	127,404	118,575	7.4%
FRANCE	175,396	147,516	18.9%	1,363,577	1,282,772	6.3%	2,291,907	2,219,305	2,110,751	5.1%
GERMANY	317,848	283,074	12.3%	2,156,879	2,070,068	4.2%	3,800,335	3,612,231	3,441,266	5.0%
GREECE	10,073	7,819	28.8%	70,645	56,614	24.8%	112,724	114,402	88,298	29.6%
IRELAND	26,944	27,707	-2.8%	114,095	118,922	-4.1%	148,855	117,896	131,381	-10.3%
ITALY	152,393	145,910	4.4%	1,273,730	1,282,963	-0.7%	1,902,918	1,964,319	1,970,184	-0.3%
LUXEMBOURG	4,931	4,529	8.9%	35,582	33,475	6.3%	57,677	53,470	52,773	1.3%
NETHERLANDS	36,263	32,436	11.8%	289,302	258,411	12.0%	470,379	449,701	414,692	8.4%
NORWAY	9,611	11,476	-16.3%	86,356	89,459	-3.5%	119,858	147,256	158,650	-7.2%
PORTUGAL	19,961	17,572	13.6%	154,467	144,704	6.7%	212,699	235,913	222,057	6.2%
SPAIN	131,176	109,942	19.3%	865,822	777,400	11.4%	1,358,860	1,333,929	1,234,931	8.0%
SWEDEN	12,504	24,722	-49.4%	238,047	218,245	9.1%	194,170	399,432	379,255	5.3%
SWITZERLAND	25,483	24,885	2.4%	183,393	183,803	-0.2%	299,351	309,896	314,028	-1.3%
UK	163,898	161,997	1.2%	1,477,892	1,563,808	-5.5%	2,414,838	2,468,322	2,540,617	-2.8%

Notes:

Greece: estimate for latest month.

Greece data source has changed to Sales from Registrations.

The percent change in the final column compares the average selling rate in the year-to-date with the last full year.

The average of the seasonally adjusted selling rate for an entire year is by definition the total of sales in the year.



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